

HEARING DATE: December 6, 2011
TIME: 10:00 a.m.

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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

In re

LEHMAN BROTHERS HOLDINGS INC.,
et al.,
Debtors.

Chapter 11 Case No.
08-13555(JMP)
(Jointly Administered)

In re

LEHMAN BROTHERS SPECIAL
FINANCING, INC., *et al.*
Debtors.

Chapter 11 Case No.
08-13888(JMP)
(Jointly Administered)

OBJECTION AND RESERVATION OF RIGHTS BY JENNER'S POND TO DEBTORS'
NOTICE OF PROPOSED ASSUMPTION OF EXECUTORY CONTRACTS

Jenner's Pond ("Jenner's Pond") respectfully submits this Objection and Reservation of Rights to the Notice of Proposed Assumption of Executory Contracts and Unexpired Leases Pursuant to Debtors' Third Amended Joint Chapter 11 Plan Pursuant to Section 1121 of the Bankruptcy Code, dated October 27, 2011 (the "Notice of Proposed Assumption") as it relates to Jenner's Pond, and states as follows:

1. Jenner's Pond and Lehman Brothers Special Financing Inc. ("LBSF") are parties to an interest rate swap transaction pursuant to an ISDA Master Agreement ("Master Agreement") dated as of October 25, 2006, as supplemented by a Schedule and Credit Support Annex, each dated as of October 25, 2006, a Guarantee from Lehman Brothers Holding Inc. ("LBHI"), dated as of October 25, 2006, and 2 Confirmations (Ref. Nos. 2719503 and 2719523) with a trade date of October 25, 2006 (all the foregoing collectively referred to herein as the "Swap Agreement," with the swap transaction effectuated thereby referred to as the "Swap Transaction").

2. An event of default occurred under, among other provisions, Section 5(a)(vii) of the Master Agreement as a result of the Chapter 11 bankruptcy filing by LBHI on September 15, 2008. A separate event of default under the same Section occurred by reason of the subsequent Chapter 11 bankruptcy filing by LBSF on October 3, 2008.

3. The occurrence of the events of default triggered various rights, both under the Master Agreement and otherwise, each of which is preserved by applicable provisions of the federal Bankruptcy Code without temporal limitation, including Jenner's Pond's right to withhold monthly payments otherwise payable under the Master Agreement, the right to terminate the Swap Transaction if and when it so chooses under Sections 2(a)(iii), 5(a)(vii), and 6(a) of the Master Agreement, and the right to adequate protection of Jenner's Pond's interests as a condition to it making any periodic payments to LBSF.

4. On April 23, 2009, upon securing a replacement swap for the Swap Transaction, pursuant to Section 6(a) of the Master Agreement Jenner's Pond designated in writing an Early Termination Date of April 23, 2009, with respect to the Swap Transaction, and accordingly terminated the Swap Transaction. (A copy of Jenner's Pond's letter of April 23, 2009, is

attached hereto as Ex. A, and the arguments stated therein are incorporated into this Objection to the extent relevant.)

5. Subsequently, on May 5, 2009, Jenner's Pond provided to LBSF its calculation of the Settlement Amount as provided for in Sections 6(d) and 6(e)(i) of the Master Agreement. (A copy of Jenner's Pond's letter of May 5, 2009, is attached hereto as Ex. B, and the arguments stated therein are incorporated into this Objection to the extent relevant.)

6. The net amount owed by LBSF to Jenner's Pond – \$826,841 – served as the basis of the Proof of Claim Jenner's Pond filed on September 17, 2009, in case number 08-13888 (JMP) (Bankr. S.D.N.Y.) (Unique Identification No. 88803570), subject to amendment. Also on that same date, Jenner's Pond filed a Proof of Claim in case number 08-13555 (JMP) (Bankr. S.D.N.Y.) (Unique Identification No. 1000097107), asserting a claim against LBHI as Credit Support Provider/guarantor under the Swap Agreement for \$826,841, subject to amendment.

7. Pursuant to the ADR process the Court established through its order of September 17, 2009, Jenner's Pond and LBSF have undertaken to mediate the disputes between them.

8. Jenner's Pond objects to the Notice of Proposed Assumption as it relates to the Swap Agreement and the Swap Transaction to the extent that it assumes the Swap Transaction and Swap Agreement (whatever provisions and/or obligations may be affected by designation of an Early Termination Date) have not already been terminated. To the contrary, Jenner's Pond designated an Early Termination Date of April 23, 2009, considers that termination valid and effective, and considers the Swap Transaction terminated as of that date. To the extent LBSF is improperly attempting to assume a terminated transaction or agreement, Jenner's Pond objects.

9. Furthermore, Jenner's Pond objects to the Cure Amount of \$0 set forth in the Notice of Proposed Assumption to the extent it would reduce the amount LBSF owes to Jenner's

Pond to \$0. Instead, whether or not LBSF effectively assumes the Swap Agreement, Jenner's Pond maintains its claim for \$826,841 as a result of the occurrences of events of default under the Swap Agreement and Jenner's Pond's loss as a result thereof.

10. Jenner's Pond expressly reserves the right to amend, modify, or supplement this Objection at any time.

Dated: November 10, 2011
New York, New York

/s/ Andrew B. Eckstein

Andrew B. Eckstein

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